RAJYA SABHA

Tuesday, the 29th November, 2005/8 *Agrahayana,* 1927 *(Saka)*

The House met at eleven of the clock,

[MR. CHAIRMAN, in the Chair.]

ORAL ANSWERS TO QUESTIONS

प्रत्यक्ष कर संग्रहण में वृद्धि होना

*81. **श्री राज मोहिन्दर सिंह मजीठा :**
श्री राम जेठमलानी : †

क्या वित्त मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि अप्रैल से अक्तूबर 2004-2005 की तुलना में अप्रैल से अक्तूबर 2005-06 के दौरान देश में प्रत्यक्ष करों से प्राप्त होने वाले राजस्व में बढ़ोतरी हुई है;

(ख) यहि हां, तो यह वृद्धि कितने प्रतिशत है और इसमें सीमा शुल्क और उत्पाद शुल्क द्वारा हुई वृद्धि का कितना-कितना अंश है; और

(ग) उक्त अवधि की तुलना में पेट्रोलियम आयात द्वारा सीमा शुल्क में कितनी वृद्धि हुई है?

वित्त मंत्री (श्री पी. चिदम्बरम) : (क) से (ग) एक विवरण पत्र सभा पटल पर रख दिया गया है।

विवरण

(क) पिछले वर्ष की समनुरूपी अवधि में प्रत्यक्ष कर की तुलना में अप्रैल-अक्तूबर 2005-06 के दौरान प्रत्यक्ष कर से देश के राजस्व में वृद्धि हुई है।

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†सभा में यह प्रश्न श्री राम जेठमलानी द्वारा पूछा गया ।

(ख) पिछले वर्ष की समनुरूपी अवधि की तुलना में अप्रैल-अक्तूबर, 2005-06 के दौरान प्रत्यक्ष कर, सीमा शुल्क और उत्पाद शुल्क के संग्रहण में प्रतिशत वृद्धि निम्नानुसार है:

कर	प्रतिशत वृद्धि
प्रत्यक्ष कर	27.47%
सीमा शुल्क	20.90%
केन्द्रीय उत्पाद शुल्क	7.60%

(ग)अक्तूबर, 2005 महीने के लिए पेट्रोलियम आयात द्वारा सीमा शुल्क से वसूले गए राजस्व के संकलित आंकड़े अभी उपलब्ध नहीं हैं । अत: 2004-05 और 2005-06 (अनंतिम) दोनों के लिए अप्रैल-सितम्बर की अवधि के दौरान समनुरूपी आंकड़े निम्नानुसार है:

पेट्रोलियम आयात द्वारा संग्रहित किया गया सीमा शुल्क राजस्व	अप्रैल-सितम्बर (अंनतिम) के दौरान राजस्व संग्रहण (रूपए करोड़ो में)		समनुरूपी अवधि की तुलना प्रतिशत वृद्धि
	2004-05	2005-06	1.8
	5759	5865	

Increase in Direct Tax Collections

†*81. SHRI RAJ MOHINDER SINGH MAJITHA:
SHRI RAM JETHMALANI:††

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that revenue of the country from direct taxes has increased during April-October) 2005-06 comparing to April-October, 2004-05;

(b) if so, the percentage of increase alongwith share of increase through custom and excise; and

(c) the extent of increase of custom through petroleum import comparing to above said period?

THE FINANCE MINISTER (SHRI P. CHIDAMBARAM): (a) to (c) A statement is laid on the Table of the House.

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†Original notice of the question was received in Hindi.

††The question was actually asked on the floor of the House by Shri Ram Jethmalani.

Statement

(a) The revenue of the country from direct taxes has increased during April-October, 2005-06 as compared to direct taxes in the corresponding period of last year.

(b) The percentage of increase in the collection of direct taxes, customs and excise during April-October, 2005-06 as compared to the corresponding period of last year is as follows:

Tax	% increase
Direct Taxes	27.47%
Customs	20.90%
Central Excise	7.60%

(c) Complied data for Revenue realized from customs duty through Petroleum import for the month October, 2005 is not yet available. Hence the corresponding data during the period April-September for both 2004-05 and 2005-06 (Provisional) is as under:

Customs Revenue collected through Petroleum Import	Revenue collection during April-September (provisional) (Rs. tn crores)		% increase compared with the corr. period
	2004-05	2005-06	1.8
	5759	5865	

SHRI RAM JETHMALANI: Mr. Chairman, Sir, the figures supplied by the hon. Minister and his methods of recovery of taxes are both, encouraging as well as complementary, to the Minister. But, I would like to request the Minister to bring my knowledge up to date. Some years ago, a statement was made in this House that servicing our domestic and international debts swallows up 72 per cent of our tax revenue. Will the hon. Minister, without going into annas and paise give me an approximate figure, today, as to how much of our tax revenue is swallowed up by this monster and nothing remains for the poor person for his development at all in this country?

SHRI P. CHIDAMBARAM: Sir, I can't give an inaccurate percentage. This question relates to India's foreign debt. And, if he wants to know about foreign debt, I can get the figures and give the percentage. But how do I relate a question and an answer that talk about tax collections and how much of that goes servicing the foreign debt? I mean, I can give answer, but if I turn out to be inaccurate, he will find fault with me.

SHRI RAM JETHMALANI: I won't hold you on the inaccuracy point.

SHRI P. CHIDAMBARAM: I will give him the answer ....*(Interruptions)*

MR. CHAIRMAN: You should put a question that can be answered. Second supplementary.

SHRI RAM JETHMALANI: Sir, my second supplementary also is not extremely relevant to the original question. But I am tempted to ask him. I have been reading, with great interest, his speeches in Washington. And, I believe that he has now turned out to be the Adam Smith of the Congress Party. If his speeches in Washington are so effective, why is he not able to use that kind of effect upon his allies in the party?

SHRI P. CHIDAMBARAM: Sir, my hon. Friend need not have concern about our allies or us. Our allies and the parties in the Government are extremely good friends. We have very cordial relations. And, it is because of the allies' support that we are able to report the possible growth rate of over 7 per cent.

SHRI ARJUN KUMAR SENGUPTA: Sir, I congratulate the Finance Minister, through you, for showing this very remarkable performance. But the Finance Minister is not just a politician, he is also an expert. And, he must have done an analysis as to how much of this increase is due to the improved functioning of the Finance Ministry, namely, due to improved realization of taxes, increase in tax assessment, realization of tax arrears. Or, how much of this is due to just increase in income, particularly the income of the richer section of the country? But, in that case, if it is mainly because of that, I think, the credit could be claimed by any Finance Minister, whether it is Mr. Jaswant Singh or Mr. Chidambaram.

SHRI P. CHIDAMBARAM: Sir, obviously the bulk of increase comes from increased prosperity and increased income. If the economy is growing, say, on an average of 7 per cent a year, it is fair to conclude that people have more incomes, and, therefore, are paying more tax. And, therefore, are paying more taxes. At the same time, with some pardonable pride let this Government take some credit for improving the administration of the tax system. We have, by a rough count, this year, added until the end of October, Twenty-three lakh more assessees which is a big jump over the last year. We have also, last year, collected a large amount by way of arrears of taxes, and this year, I am confident that an equal amount of taxes will be collected by way of arrears. Some of the measures that we

have introduced have also brought to the Department a wealth of information. For example, there is the Annual Information Report. This is the first year. Of course, there are some gaps. But, even with those gaps, the Annual Information Report gives us a wealth of information which can be mined in order to target people with high expenditure, yet, not paying any taxes. The answer to Shri Arjun Kumar Sengupta's question is: the bulk of the increase in revenues is coming from high economic growth, but a significant portion is indeed coming from better tax administration.

SHRI DIPANKAR MUKHERJEE: Sir, out of this bond of friendship, may I put this question to the hon. Minister. During 1997-98, the central tax arrears were Rs. 47,000 crores. If I am not mistaken, in 2001 -02, it became Rs. 87,000 crores. I don't have the latest figures. Will the Minister say that in spite of this increase whether arrears have come down during the last 18 years?

SHRI P. CHIDAMBARAM: Sir, arrear is a function of many factors. Arrears is a function of how much current demand you raise in the current assessment year. The moment a current demand is raised, it becomes an arrear, if it is not paid.

Secondly, arrear is also a function of the amount of litigation. If a matter goes up in appeal to the High Court or the Supreme Court and there is an interim order of stay, then, the amount not collected becomes arrears. So, you cannot put your finger and say that arrears gone up because of this, or arrears have gone down because of this.

Thirdly, if the total estimated income from a particular tax increases, say, by about 20-25 per cent a year, as shown in the Budget, then, it is fair to expect that the arrears also will increase because to that extent demands has been raised for that tax. So, I do not think these are amenable to very easy categorizations and easy answers. All I can tell you is, in the period April-October, 2005.I believe, we have collected about Rs. 3,660 crores of arrears. And I am hopeful that we will collect as much this year as we did last year which, as you know, was a record collection year for arrears.

DR. K. MALAISAMY: Sir, the increase in collections of taxes is well taken. I would like to know from the hon. Minister how long the trend will continue. Do you expect any constraints on this? Out of the total potentiality available for collection, how much you have exploited to get this increase in collections? Secondly, Sir...

SHRI P. CHIDAMBARAM: Sir, I think this a very good question reflecting, obviously, the vast experience of Dr. Malaisamy. You cannot expect the same growth rate year after year after year. You are right. You are absolutely right and I compliment you for that. But the untapped potential in income tax is still very large. Unless we bring more people into the tax net, you cannot expect this growth rate. I think, by and large, in corporate tax we have a fair idea of the potential assessee base. For income-tax, I think, the assessee's base is grossly under-estimated. There are many, many more people, you know them, I know them, we all know them, who ought to by paying tax, who don't pay tax. This is why we are now concentrating on-using information and intelligence to zero in on people who ought to be paying tax, but don't pay any tax at all. And the people who ought to be paying more tax are paying less tax. The Annual Information Report is meant to identify such people through their expenditure habits. The banking cash transaction tax is meant to identify such people from the large cash withdrawals that they do. I am confident that as the base increases, the growth rate will remain reasonably high. But if the base is not increased, I entirely agree with the hon. Member, this growth rate cannot be sustained year after year.

DR. P.C. ALEXANDER: Sir, I would like to know from the hon. Minister why the rate of increase in the collection of central excise is much less than that of other direct taxes. It is just 1 /4th of the direct taxes and only 1/3rd of the central customs. Are there any special reasons why the buoyancy is not reflected in the collection of central excise?

SHRI P. CHIDAMBARAM: Sir, Yes, the central excise is not reflecting the same buoyancy as other direct taxes. The reasons are following. Firstly, non-POL capital goods imports and non-POL non-capital goods imports are growing at a very fast rate this year, which means the CVD that is collected on imported goods is offset against the central excise duty paid. It is only when those goods produce other goods which are exciseable that the excise revenues will come. There is always a lead and lag in that. The offsetting takes place first an revenues come later. So, CVD is being offset against the central excise paid.

Secondly, exports are growing at a brisk pace this year. My recollection is, exports are growing by about 22-23 per cent. Sir, in all exported goods, the entire excise duty is rebated as drawback. It is the high imports of non-POL goods and the high growth of exports which is affecting the growth

rate of excise duty. There is also, of course, a considerable evasion in excise duty. In fact, among the taxes it is the one tax area where assesses are very evasion-prone. So, we have to tighten administration in central excise.

श्री अबू आसिम आजमी : Sir, thank you very much. मैं आपके माध्यम से ऑनरेबल मिनिस्टर से यह जानना चाहता हूं कि अप्रैल से अक्टूबर 2004-2005 और अप्रैल से अक्टूबर 2004-2005 और अप्रैल से अक्टूबर 2003-2004 में इनकम टैक्स डिपार्टमेंट ने कुल कितने रेड किए, उनमें अनएकाउंटेड वेल्थ कितनी बरामद की गई और कितने केसेज बने? मैं उनसे यह जानना चाहता हूं।

شری ابو عاصم اعظمی : Sir, Thank you very much میں آپ کے مادھیم سے آنریبل منسٹری سے یہ جاننا چاہتا ہوں کہ اپریل سے اکتوبر 2004-2005 اور اپریل سے اکتوبر 2003-2004 میں انکم ٹیکس ڈیپارٹمنٹ نے کل کتنے ریڈ کئے۔ ان میں اناکاؤنٹڈ ویلتھ کتنی برآمد کی گئی اور کتنے کیسیز بنے؟ میں ان سے یہ جاننا چاہتا ہوں۔

श्री सभापति : यह जानकारी कैसे मिलेगी ? नेक्स्ट क्वैश्चन।

Amendment of Competition Act, 2002

*82. SHRI HARISH RAWAT:
SHRI SANTOSH BAGRODIA:††

Will the Minister of COMPANY AFFAIRS be pleased to state:

(a) whether Government propose to amend the Competition Act, 2002;

(b) what steps Government propose to undertake to ensure that the Competition Commission will be run professionally; and

(c) whether Government have undertaken any consultation process with various stakeholders, if so, who are the stakeholders consulted?

THE MINISTER OF COMPANY AFFAIRS (SHRI PREM CHAND GUPTA): (a) to (c) The Competition Act, 2002 was enacted following

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†Transliteration in Urdu Script.
††The question was actually asked on the floor of the House by Shri Santosh Bagrodia.